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SUBJECT: EXCERPTS FROM WDROGERS SPEECH JANUARY 15, 1975

ASSISTANT SECRETARY WILLIAM D. ROGERS SPEECH YESTERDAY AFTERNOON AT THE CENTER FOR INTER-AMERICAN RELATIONS WAS WELL COVERED BY THE WIRE SERVICES WHO CARRIED LONG STORIES ON THEIR WIRES TO LATIN AMERICA.

EXCERPTS FROM THE SPEECH ARE BEING SENT FOR YOUR INFORMATION.

QUOTE, BEGIN EXCERPTS - ECONOMIC MEASURES: THE EARLIER GONZALES AND HICKENLOOPER AMENDMENTS AND OUR DENIAL OF MILITARY AID TO COUNTRIES SEIZING OUR FISHING BOATS AND OTHER EARLIER MEASURES BY CONGRESS HAVE SENSITIZED LATIN AMERICA TO THIS KIND OF ACTION. THIS EXPLAINS THE OVER-REACTION IN LATIN AMERICA TO THE CLAUSE IN THE NEW TRADE BILL WHICH COULD EXCLUDE OPEC MEMBERS FROM THE TARIFF-FREE PREFERENCES WHICH WILL SOON BE OPEN TO THE OTHER COUNTRIES OF LATIN AMERICA.

THE POINT, TO LATIN AMERICA, IS NOT THAT THE INELIGIBILITY
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OF EITHER VENEZUELA OR ECUADOR MAKES ANY ECONOMIC DIFFER-

ENCE. IN FACT, IT DOES NOT. ALREADY VIRTUALLY ALL THE EXPORTS TO THE UNITED STATES FROM BOTH THESE COUNTRIES ENTER OUR MARKETS DUTY FREE. OTHER COUNTRIES, SUCH AS MEXICO, BRAZIL AND OTHERS, STAND TO GAIN A GREAT DEAL. MEXICO, FOR EXAMPLE, HAS SEVERAL HUNDRED MILLION DOLLARS OF EXPORTS TO THE U.S. WHICH WILL PROBABLY IMMEDIATELY QUALIFY FOR DUTY-FREE ENTRY WHEN THE BILL BECOMES EFFECTIVE AND WE GET THE MACHINERY CRANKED UP. THE TOTAL FOR ALL OF L.A. WILL PROBABLY EXCEED THREE QUARTERS OF A BILLION DOLLARS FOR A YEAR.

THE POINT IS THAT LATIN AMERICA SEES THIS AS AN EFFORT OF THE U.S. TO USE ITS ECONOMIC LEVERAGE TO BLOCK OTHER POSSIBLE EFFORTS TO DEFEND THE PRICES OF THEIR RAW MATERIALS.

AS A LAWYER, I KNOW ALL ABOUT UNNECESSARY DISPUTES.

WE REGRET THAT THIS DISPUTE AROSE. WE FOUGHT THE OPEC CLAUSE, NOT BECAUSE WE THOUGHT IT MADE ANY ECONOMIC DIFFERENCE TO LATIN AMERICA BUT BECAUSE WE KNEW IT WOULD BE MISUNDERSTOOD -- AS IT WAS. AS I READ CONGRESS' INTENT, IT CONSIDERED BARRING OPEC MEMBERS FROM THE NEW, FAVORABLE TARIFF-FREE ENTRY BECAUSE IT FELT THAT OPEC HAD OR COULD IN THE FUTURE RAISE PRICES AND WITHHOLD SUPPLIES TO THE POINT -- AS THE LEGISLATION SAYS -- OF CAUSING A SERIOUS DISRUPTION OF WORLD TRADE. IN FACT, IT IS MY JUDGMENT THAT A MORE STRINGENT STANDARD HAS ALREADY BEEN ACCEPTED IN ARTICLE 37B OF THE CHARTER OF THE ORGANIZATION OF AMERICAN STATES. THE OAS CHARTER ALREADY REQUIRES ALL OAS MEMBERS TO MAKE AN EFFORT TO ACHIEVE BASIC COMMODITY TRADE POLICIES WHICH PROVIDE "ADEQUATE AND DEPENDABLE SUPPLIES FOR CONSUMERS, AND STABLE PRICES THAT ARE BOTH REMUNERATIVE TO PRODUCERS AND FAIR TO CONSUMERS..." SO THE TRADE BILL SHOULD NOT BE READ AS AN OPEN-END THREAT TO LEGITIMATE LATIN EFFORTS TO ORGANIZE THEMSELVES IN THE TRADE FIELD. I CAN SAY WITHOUT EQUIVOCATION THAT MARKETING SYSTEMS WHICH ADHERE TO THE POLICY ALREADY SET DOWN IN THE OAS CHARTER WILL NEVER BE THE OBJECT OF OPPOSITION BY THE UNITED STATES.

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THE TRADE ACT, SIGNED INTO LAW BY THE PRESIDENT JANUARY 3 WILL DEFINITELY BE OF TREMENDOUS IMPORTANCE TO LATIN AMERICA, WHICH IS AMONG THE MORE ADVANCED OF THE DEVELOPING REGIONS AND HENCE BETTER ABLE TO TAKE ADVANTAGE OF TRADE OPPORTUNITIES THAT DEVELOP.

A PRELIMINARY LIST OF PRODUCTS ON WHICH TARIFF WILL BE

TOTALLY SUSPENDED WILL BE SENT TO THE INTERNATIONAL TRADE COMMISSION (FORMERLY THE TARIFF COMMISSION) IN THE NEAR FUTURE. THIS LIST INCLUDES WHEREVER FEASIBLE PRODUCTS REQUESTED BY LATIN AMERICAN COUNTRIES. I AM CONFIDENT

THE INTERNATIONAL TRADE COMMISSION WILL RECOMMEND THAT WE BE ALLOWED TO SUSPEND TOTALLY TARIFFS NOW BEING LEVIED BY THE UNITED STATES ON THESE LATIN AMERICAN PRODUCTS.

PRELIMINARY INDICATIONS ARE THAT OVER 30 PERCENT BY VALUE OF THE DUTIABLE IMPORTS FROM LATIN AMERICA AT THE PRESENT TIME -- THAT IS TO SAY OVER THREE QUARTERS OF A BILLION DOLLARS OF LATIN AMERICAN EXPORTS TO THE U.S. BASED ON 1972 TRADE VALUES -- WILL BE INCLUDED IN OUR SYSTEM OF GENERALIZED SPECIAL PREFERENCES (GSP).

NOW IT SHOULD BE POINTED OUT THAT THESE ARE 1972 FIGURES AND IN 1972 TRADE FROM LATIN AMERICA TOTALLED SIX BILLION DOLLARS. OUR ESTIMATES FOR 1974 ARE 16 BILLION DOLLARS IN IMPORTS FROM LATIN AMERICA. MUCH OF THIS INCREASE IS DUE TO THE RISE IN THE PRICE OF OIL BUT A SUBSTANTIAL AMOUNT COMES FROM OTHER PRODUCTS, MANY OF THEM ELIGIBLE FOR GSP TREATMENT WHICH WILL SUSPEND TARIFF DUTIES ON THESE PRODUCTS.

SO IT IS EASY TO SEE THAT WHEN THESE SPECIAL PREFERENCES ARE GRANTED TO LATIN AMERICA AND OTHER DEVELOPING COUNTRIES, IT WILL AFFECT PRODUCTS WITH A VALUE OF APPROXIMATELY THREE QUARTERS OF A BILLION DOLLARS OR MORE. I THINK THIS IS A SUBSTANTIAL AMOUNT AND WILL BE OF CONSIDERABLE BENEFIT TO LATIN AMERICA.

WE ARE CURRENTLY EXAMINING THE LEGISLATION TO DETERMINE UNCLASSIFIED

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WHAT LEEWAY IT MAY CONTAIN. WE WILL WORK IN A SPIRIT OF COOPERATION WITH THE CONGRESS TO SEEK NECESSARY ACCOMMODATIONS.

NEVERTHELESS, THE FUROR THAT HAS BEEN CREATED IN LATIN AMERICA OVER THESE RESTRICTIONS SHOULD NOT CLOUD THE FACT THAT LATIN AMERICA AS A WHOLE STANDS TO GAIN CONSIDERABLE BENEFITS FROM THIS LEGISLATION.

DUTIES AVERAGING 8 PERCENT ARE PRESENTLY LEVIED ON 40 PERCENT OF LATIN AMERICAN PRODUCTS BEING EXPORTED TO THE U.S. THE REMAINING 60 PERCENT OF LATIN AMERICAN PRODUCTS ALREADY ENTER THE U.S. DUTY FREE.

WE WILL BE CONCENTRATING ON OBTAINING REDUCTION IN THE TARIFFS FOR THESE PRODUCTS WHICH ARE NOW BEING TAXED AT

THE HIGHER RATES DURING THE GENEVA MULTILATERAL TRADE NEGOTIATIONS. I AM CONFIDENT WE WILL OBTAIN MANY SUBSTANTIAL REDUCTIONS OF GREAT AND LASTING BENEFIT TO MANY LATIN AMERICAN NATIONS.

PANAMA NEGOTIATIONS: NEGOTIATIONS ON PANAMA ARE PROCEED-

ING. THE FINAL OUTCOME WILL PROVIDE FOR THE ADEQUATE DEFENSE OF THE CANAL AND EQUALLY PROVIDE PANAMANIAN WITH ADEQUATE RECOGNITION OF THEIR SOVEREIGNTY. IN GAINING ACCEPTANCE OF A NEW TREATY, HOWEVER, WE WILL BE FIGHTING AN UPHILL BATTLE. SUPPORT FROM INFLUENTIAL PRIVATE CITIZENS LIKE YOURSELVES AND KEY MEMBERS OF CONGRESS WILL BE ESSENTIAL.

ON CUBA: THE PROBLEM IS NOT OUR POLICY TOWARD CUBA PER SE, WHICH HINGES UPON CUBAN ATTITUDES TOWARD US. THE REAL PROBLEM IS THE EFFECT OF OUR CUBA POLICY ON U.S. RELATIONS WITH LATIN AMERICAN STATES. IF LATIN AMERICANS HAVE THE VOTES TO LIFT THE MANDATORY NATURE OF THE OAS SANCTIONS, WE WILL OF COURSE ACCEPT THAT. HOWEVER, AS WAS EVIDENT AT QUITO, SOME LATIN AMERICAN COUNTRIES WANT PRIOR ASSURANCE THAT CUBA NO LONGER INTENDS TO MEDDLE IN THEIR INTERNAL AFFAIRS. OUT OF RESPECT FOR THESE CONFLICTING CONCERNS, WE DID NOT LOBBY ONE WAY OR ANOTHER ON THIS ISSUE AT THE QUITO MEETING. AS IT TURNED OUT, THE LATIN SPON-

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SORS OF THE MEETING DID NOT HAVE THE VOTES. WE RECOGNIZE THAT THE OAS SANCTIONS REMAIN A DIVISIVE ISSUE AND WE INTEND TO TRY TO MANAGE OUR POSITION IN THIS COMPLICATED SITUATION IN A WAY THAT WILL MINIMIZE THE EFFECT OF THE ISSUE ON OUR RELATIONS WITH LATIN AMERICA, WITHOUT PRESSURE IN EITHER DIRECTION. END EXCERPTS - UNQUOTE. KISSINGER

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